

## Message Text

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ACTION PM-07

INFO OCT-01 EA-11 ISO-00 NSC-10 SPC-03 SS-15 RSC-01 L-03

CIAE-00 INR-10 NSAE-00 DODE-00 OMB-01 EB-11 TRSE-00

DRC-01 /074 W

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R 110820Z OCT 73

FM AMEMBASSY SINGAPORE

TO SECSTATE WASHDC 9487

INFO CINCPAC

S E C R E T SINGAPORE 3942

E.O. 11652: GDS

TAGS: MASS, SN

SUBJECT: DOD PROCUREMENT POLICY FOR SINGAPORE

REF: STATE 42617

1. GENERAL ASSESSMENT OF LASS: LAS OPERATION IN SINGAPORE HAS NOT THUS FAR BEEN AN OVERWHELMING SUCCESS. IT HAS FALLEN BEHIND ON SOME CONTRACTS, ITS QUALITY STANDARDS HAVE LEFT SOMETHING TO BE DESIRED, AND ITS HOURLY (COST) RATES HAVE BEEN AND ARE SOMEWHAT HIGHER THAN IN CERTAIN OTHER INSTALLATIONS IN THE REGION. ONE MIGHT CHARACTERIZE THEIR OVERALL PERFORMANCE AS BARELY ADEQUATE. LASS HAS HAD SOME MANAGEMENT AND SUPPLY PROBLEMS WHICH THEY HAVE TAKEN STEPS TO CORRECT AND HAS HAD DIFFICULTY ACQUIRING ADEQUATE SKILLED MANPOWER. THEY HAVE MADE GREAT EFFORTS THROUGH TRAINING AND FOREIGN HIRING TO SOLVE THIS PROBLEM. LASS'S PAST DIFFICULTIES AND SHORTCOMINGS HAVE CERTAINLY NOT BEEN ENTIRELY OF THEIR OWN MAKING AND OUR ASSESSMENT IS THAT THEIR OVERALL PERFORMANCE IS IMPROVING.

2. WORKLOAD PROJECTION: WE HAVE VARIOUS ESTIMATES OF LASS FY75 WORKLOAD, ASSUMING DIRECTED PROCUREMENT IS NOT CONTINUED BEYOND THIS YEAR. SADC WORK, INCLUDING THE  
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A-4S, SHOUDL TOTAL ABOUT 500,000 HOURS. CARRYOVER OF DOD

WORK SHOULD BE ON THE ORDER OF 100,000, ALTHOUGH THIS IS ONLY A ROUGH ESTIMATE. TAKEN TOGETHER, THIS WOULD RESULT IN LEVEL OF WORK SOMEWHAT LESS THAN WE CONSIDER THE MINIMUM FOR A VIABLE OPERATION WHICH WE BELIEVE IS SOMEWHERE AROUND 750,000 MANHOURS. THUS, IF IT IS DECIDED TO CONTINUE DIRECTED PROCUREMENT IN FY75, A VOLUME OF WORK TOTALLING 150-175,000 MANHOURS BEYOND THAT ALREADY IN SIGHT WOULD APPEAR TO BE SUFFICIENT. THIS WOULD BE A CUT FROM LEVEL OF DIRECTED DOD PROCUREMENT IN FY74 OF 75-80 PERCENT.

3. POLICY CONSIDERATIONS: PREVIOUSLY, A STRONG ARGUMENT COULD BE MADE IN FAVOR OF DIRECTED PROCUREMENT ON STRATEGIC GROUNDS--SUPPORT AND DEVELOPMENT OF AN AEROSPACE MAINTENANCE FACILITY WHICH COULD BE USED BY US FORCES IN AN EMERGENCY. UNDER CURENT CIRCUMSTANCES, WE DO NOT THINK THIS ARGUMENT IS VALID. PRIMARY RATIONALE NOW WOULD BE TO HELP SUSTAIN THE GROWING LEVEL OF FOREIGN MILITARY SALES IN SINGAPORE. THE A-4 PROGRAM ALONE WILL NET THE UNITED STATES IN BALANCE OF PAYMENTS TERMS AN ESTIMATED US\$105 MILLION. WE BELIEVE THAT THE PRESENCE OF LASS AND OUR SUPPORT OF IT HAD SOMETHING TO DO WITH THE GOS DECISION TO BUY A-4S. IF THIS PROGRAM SUCCEEDS, AS WE BELIEVE IT WILL, WE CAN EXPECT THE GOS TO LOOK INCREASINGLY TO THE US FOR ITS MAJOR ITEMS OF EQUIPMENT. FAILURE OF LASS AND A-4 PROGRAM, ON OTHER HAND, WOULD CERTAINLY CAUSE SOME SECOND THOUGHTS RE US SOURCING. LASS ALSO FACILITIES OUR ACCESS TO SINGAPORE DOD PERSONNEL AND TO INFORMATION ON GOS MILITARY PLANS. FURTHER, WE BELIEVE THAT OUR CONTINUED SUPPORT OF LASS HAS A FAVORABLE POLITICAL SPINOFF. IT'S IMPOSSIBLE TO JUDGE HOW IMPORTANT THIS IS, BUT UNDOUBTEDLY IT IS A PLUS IN OUR OVERALL RELATIONSHIP.

4. GOS ATTITUDE: RE QUESTION RAISED PARA 3 REFTTEL, WE ARE NOT ABLE TO ASSESS IMPORTANCE PM LEE ATTACHES TO THIS PROJECT. NEITHER HE NOR DEFENSE MINISTER GOH HAS EVER RAISED SUBJECT WITH THE AMBASSADOR NOR DID PM MENTION SUBJECT DURING HIS RECENT WASHINGTON VISIT. SUBJECT HAS NOT BEEN RAISED WITH SERVICE ATTACHES. IT IS CLEAR THAT GOS PLACES HIGH PRIORITY IN DEVELOPMENT OF AEROSPACE

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FACILITY AND LASS IS THEIR CHOSEN INSTRUMENT TO ACHIEVE THAT OBJECTIVE.

5. RECOMMENDATION: WHILE WE WOULD HOPE SUFFICIENT WORK COMES TO LASS TO KEEP IT OPERATING AT SATISFACTORY LEVELS THROUGH FY75 AND BEYOND, WE DO NOT REPEAT NOT RECOMMEND CONTINUATION DIRECTED PROCUREMENT BEYOND CURRENT YEAR. IN OUR VIEWS, SERVICES SHOULD MAKE OWN DECISIONS, BASED ON

THEIR CONSIDERATIONS. GIVEN LASS'S EXTENSIVE EXPERIENCE  
AND EXISTING CAPABILITY ON C-130S AND U-21S, SERVICES MAY  
FIND SUFFICIENT JUSTIFICATION CONTINUE THERE PROGRAMS.  
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## Message Attributes

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